

FCA - CP 14/30 - Improving complaints handling

Introduction

The Financial Conduct Authority (FCA) has published a new consultation on proposals to adjust the complaints handling procedures for regulated firms. This follows a thematic review into complaints handling which highlighted a number of common shortcomings. The consultation also contains proposals to prohibit the use of premium rate phone numbers by regulated firms and changes to the operation of the Ombudsman Service in line with the Alternative Dispute Resolution Directive which has been passed by the EU.

This consultation will affect all credit unions assuming that the measures will be applied to all regulated firms. There is some uncertainty in relation to how the proposals affect complaints handling material in CREDS and we are seeking clarification on this point.

ABCUL will submit a response to the consultation based on feedback from members. Please take the time to read this briefing and let us know what you think by contacting Matt Bland (matt.bland@abcul.org / 0161 819 6946) by **Friday 13 February**. [The full consultation paper can be found online.](#)

The proposals

Following a thematic review of complaints handling in regulated firms, the FCA proposes a number of changes to requirements for firms:

- The period for dealing with complaints less formally – i.e. outside the formal complaint procedure – is to be extended from “by the end of the business day following receipt of the complaint” to the end of three business days. The FCA believes this method of resolution delivers better outcomes for both consumer and firm.
- Where a complaint is resolved in the three business day informal period, a written confirmation – called the “summary resolution communication” – must be issued to the member which details that the firm considers the complaint resolved and signposting the member to the Financial Ombudsman Service.
- Firms will be required to report all complaints to FCA, not just those received after the informal period as is the case currently. This is to reflect the extension of the informal period.

- A new system of complaints return is proposed which will replace the current system. The implications of this for credit unions are unclear as credit unions have a tailored return system and we will seek to clarify this in our response to the consultation. The new complaints return will seek:
 1. new categories of complaint alongside product and service groupings;
 2. new contextual information requirements in order to put complaint numbers in context against business volume;
 3. FCA will publish data on the proportion of complaints dealt with within 3 days and those over three days
 4. a simplified table will be used for firms with fewer than 500 complaints (i.e. most credit unions)
 5. newly-required contextual information will be published alongside complaint data to give a clearer view of the situation for each firm.
- As a knock-on result of the thematic review, concerns regarding call costs to financial firms have been raised and the FCA proposes to require all firms to charge only “basic” rate for calls from customers. Premium rate numbers such as those starting 0845, 09 and 0871 will no longer be permitted.
- The consultation also proposes a number of measures to implement the Alternative Dispute Resolution Directive in as far as it impacts the operation of the Financial Ombudsman Service:
 1. to allow consumers to complain to the Ombudsman before the firm has had a chance to respond to the complaint but only if both the firm and the consumer consent.
 2. once a firm provides consent to the Ombudsman, it cannot withdraw it.
 3. to require firms to publish information about the Ombudsman: on its website; in its terms and conditions; where a dispute cannot be settled following a complaint.
 4. the Ombudsman will publish new detailed information in its annual reports which are required in the ADR including: the number of disputes received and the types of complaints; any systemic or significant problems highlighted by complaints; the rate of disputes that the Ombudsman has refused to deal with; the percentage share of resolutions in favour of complainee, complainant or in neither’s favour; the percentage of complaints discontinued.

Conclusion

ABCUL will submit a response to the consultation based on feedback from members. Please take the time to read this briefing and let us know what you think by contacting Matt Bland (matt.bland@abc.ul.org / 0161 819 6946) by **Friday 13 February**. [The full consultation paper can be found online.](#)